

Part 2_Chapter 4300

REPORTING INSTRUCTIONS FOR ACCOUNTS INVESTED IN DEPARTMENT OF THE TREASURY SECURITIES

This chapter provides detailed reporting instructions for disclosing principal, premium, discount, inflation compensation and earned interest on accounts invested in Department of the Treasury (Treasury) securities.

Section 4310–Scope and Applicability

Use these instructions to correctly report security transactions on Standard Form (SF) 224: Statement of Transactions. Agency adherence to these reporting instructions assures parity in budget data between Treasury and the Office of Management and Budget (OMB). Proper reporting also will result in more accurate statements of available resources and program agency account activities.

Section 4315–Authority

Provisions of 31 United States Code (U.S.C.) 3513 require the Secretary of the Treasury to prepare reports on U.S. Government financial operations. Each executive agency must furnish data on its financial condition and operations to Treasury.

Section 4320–Definitions

Accrued Interest–This is interest earned on a security instrument that has not been paid or received.

Adjusted Price–The adjusted price results from multiplying the price-per-hundred times the current-day index ratio.

Base Consumer Price Index (CPI)–The Base CPI reflects the CPI on the issue date or dated date of a security.

CPI – The CPI measures the average change over time in the prices paid by urban consumers for a number of fixed goods compared to the base price of

those same goods at a specific time in the past. The base price level is set as 100.

Dated date–The dated date refers to the date Treasury uses to calculate interest for the first interest period.

Discount–The discount is the difference between the price and the par value when less-than-par value is paid or received for a security.

Index Ratio–The index ratio is figured by dividing the current CPI by the Base CPI.

Inflation Compensation – Inflation compensation represents the difference between the adjusted price and the price-per-hundred divided by 100 times the par value.

Inflation Compensation Adjustment–This adjustment reflects the difference between the price-per-hundred and the adjusted price multiplied by par value, and the index ratio multiplied by par value.

Par Value–Par value represents the stated or face amount of a security.

Premium–The premium is the difference between the price and the par value when more than par value is paid or received for a security.

Price-Per-Hundred – This represents the real price for a security as of noon on the day of the investment or redemption.

Purchase of Accrued Interest–The purchase of accrued interest represents the amount of interest purchased when a security is purchased between interest payment dates.

Subclass–A subclass is a prefix used to classify transactions in expenditure accounts (revolving, trust, and special funds).

Unrealized Discount–The unrealized discount is the value of the discount carried until a security is redeemed or matures.

Section 4325–Availability of Funds

Agencies may not invest funds before they are deposited, collected and available to Treasury. Agencies generally may consider funds available on the day of the deposit when an agency uses Fedwire or the Automated Clearing House (ACH) through the Treasury Lockbox Network. When an agency uses an SF 215: Deposit Ticket, funds generally are available two days after the date of the deposit. Refer to TFM Bulletin 94-07 for more detail about the availability of deposited funds.

Section 4330—Types of Securities

Treasury offers three types of securities:

- Market-based securities.
- Special issues.
- One-day certificates.

Available market-based securities are bills, notes, and bonds. Treasury issues bills at a discount with a maturity date of 1 year or less. Treasury issues notes and bonds at a discount or premium. Notes and bonds carry a stated rate of interest, payable semiannually. Notes mature in 2 to 10 years, while market-based bonds mature in more than 10 years.

Treasury issues inflation-indexed market-based securities at a discount or premium. These securities carry a stated rate of interest, payable semiannually. Treasury adjusts the par value of the security on a daily basis using the index ratio to reflect inflation compensation.

Treasury sells special issues, available in certificates of indebtedness and bonds, at par. Special issues carry a stated interest rate payable semiannually. Treasury redeems special issues at par plus accrued interest. Certificates of indebtedness mature in 1 year or less. Special issue bonds mature in 1-to-15 years.

Market-based 1-day certificates mature the next business day. These securities earn interest at the daily Federal Reserve repurchase agreement rate.

Section 4335—Reporting Requirements

To accurately reflect the public debt, agencies should record principal transactions for Government accounts at par value. Because discount, premium and accrued-interest transactions affect the various funds differently, this chapter explains these transactions by fund type. It also provides instructions for investment and redemption transactions for the various following fund types.

Section 4335.10—Revolving (4000 Series) and Trust Revolving (8400 Series) Funds.

Separate receipt accounts are not set up for revolving and trust revolving funds. Therefore, agencies should record all transactions against the expenditure account according to subclass. **In general**, use the following subclasses for unrealized discount and earnings transactions:

- 88—Investment in U.S. securities (par).
- 98—Redemption of U.S. securities (par).
- 75—Unrealized Discount on Treasury securities.
- 76—Earnings on Treasury securities.

See Appendix 1 for more detail about revolving and trust revolving funds.

Section 4335.15—Deposit (6000 Series) Fund

Deposit fund accounts do not have separate receipt accounts or subclasses.

2-4300

These accounts are extra budgetary. The investment activity, therefore, is not captured for budgetary purposes. Record all transactions for deposit funds net. See Appendix 2 for more detail about deposit funds.

Section 4335.20—Special (5000 Series) and Trust (8000 Series) Funds.

Use separate receipt accounts to distinguish between the different types of activities. **In general**, use the following subclasses and point accounts to distinguish between unrealized discount and earnings transactions:

- 88—Investment in U.S. securities (par).
- 98—Redemption of U.S. securities (par).
- 75—Unrealized Discount
- 76—Earnings

See Appendix 3 for more detail about special and trust funds.

Public Debt processes the billing for investment and redemption transactions using the On-Line Payment and Collection (OPAC) system. Therefore, the offset to agency account reporting is in Section II of the Statement of Transactions.

CONTACTS

Direct questions concerning this chapter to:

Department of the Treasury
Bureau of Public Debt
Office of Public Debt Accounting
Federal Investment Branch
P.O. Box 1328
Parkersburg WV 26101-1328
Telephone: 304-480-5151
FAX: 304-480-5152
E-mail: fedinvestor@bpd.treas.gov
Website: <http://federalinvestments.gov>

For more information regarding the market-based types of securities refer to Department of the Treasury Circular, Public Debt Series No. 1-93, 31 CFR Part 356.